

City of Houston, Texas, Ordinance No. 1999- 773

AN ORDINANCE APPROVING THE PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN FOR REINVESTMENT ZONE NUMBER NINETEEN, CITY OF HOUSTON, TEXAS (UPPER KIRBY); AUTHORIZING THE CITY SECRETARY TO DISTRIBUTE SUCH PLANS; CONTAINING VARIOUS PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, by City of Houston Ordinance No. 1999-767, adopted July 21, 1999, the City created Reinvestment Zone Number Nineteen, City of Houston, Texas (the "Upper Kirby Zone") for the purposes of development within the area of the City generally bounded by Westheimer Road on the north, Bissonnet Street on the south, Buffalo Speedway on the west and South Shepherd Drive on the east (the "Upper Kirby area"); and

WHEREAS, the Board of Directors of the Upper Kirby Zone has approved the Project Plan and Reinvestment Zone Financing Plan attached hereto for the development of the Upper Kirby Zone; and

WHEREAS, the City Council must approve the Project Plan and Reinvestment Zone Financing Plan; **NOW, THEREFORE**,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the findings contained in the preamble of this Ordinance are declared to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. That the Project Plan and the Reinvestment Zone Financing Plan attached hereto for Reinvestment Zone Number Nineteen, City of Houston, Texas, are hereby determined to be feasible and are approved.

Section 3. That the City Secretary is directed to provide copies of the Project Plan and Reinvestment Zone Financing Plan to each taxing unit levying ad valorem taxes in the Upper Kirby Zone.

Section 4. That City Council officially finds, determines, recites and declares a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. That City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.


Section 5. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

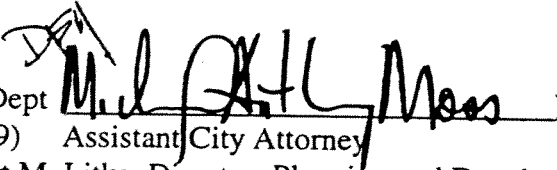
PASSED AND ADOPTED this 28th day of July, 1999.

APPROVED this _____ day of _____, 1999.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is AUG 03 1999.


 City Secretary

(Prepared by Legal Dept 
 (MAMmam 7/26/99) Assistant City Attorney
 (Requested by Robert M. Litke, Director, Planning and Development)
 (L. D. File No. ~~61-99058-03~~)

61-99057-03
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AYE	NO	
✓		MAYOR BROWN
••••	••••	COUNCIL MEMBERS
	✓	TATRO
✓		YARBROUGH
✓		WONG
✓		BONEY
✓		TODD
ABSENT OUT OF CITY CITY BUSINESS		DRISCOLL
✓		KELLEY
✓		FRAGA
✓		CASTILLO
	✓	PARKER
✓		ROACH
	✓	SANCHEZ
✓		BELL
✓		ROBINSON
CAPTION	ADOPTED	

TAX INCREMENT REINVESTMENT ZONE NUMBER NINETEEN,
CITY OF HOUSTON
(UPPER KIRBY ZONE)

PROJECT PLAN AND REINVESTMENT ZONE
FINANCING PLAN



Prepared By:
Hawes, Hill & Patterson Consultants, L.L.P.

On Behalf of:
Harris County Improvement District Number Three (Upper Kirby Management District)

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**TAX INCREMENT REINVESTMENT ZONE NUMBER NINETEEN, CITY OF HOUSTON
UPPER KIRBY ZONE
PROJECT PLAN**

I. MAPS SHOWING EXISTING USES AND CONDITIONS OF REAL PROPERTY IN THE ZONE AND SHOWING IMPROVEMENTS TO AND USES OF THE PROPERTY

A. INTRODUCTION

The Upper Kirby Zone includes predominantly commercial property in the area generally bounded by Westheimer on the north, Bissonnet on the south, Buffalo Speedway on the west, and South Shepherd on the east. There are two roadway extensions from the general boundary that include the Kirby right-of-way north from Westheimer to San Felipe and the Richmond Avenue right-of-way extension proceeding west from Buffalo Speedway to the Southern Pacific railway line

Today, the distribution of metropolitan population more closely mirrors patterns found in older, more atomized, areas of the U.S. That is, while Houston's population growth is stabilizing, unincorporated growth in Harris County is accelerating. The gap has been particularly widened since the 1980s. As a result, these population shifts cause retail sales and employment to shift to the City's ETJ. This results in a loss of sales tax, property tax and franchise tax revenues. This transference of the City's base tax revenue is compounded by when potential economic centers like this Zone is beset by severe traffic congestion, deficient vehicular and pedestrian transportation infrastructure, deficient storm sewer infrastructure, blighted and vacant properties and inadequate useable park space.

Harris County Improvement District Number Three (Upper Kirby Management District, the "District") has spent the last two years documenting and conducting an assessment of the deficiencies and the economic and social opportunities that exist within the general area of the Upper Kirby Zone. As the Master Plan and Opportunities Study (Appendix A) indicates, several funding alternatives are listed to achieve the goals of the District and the community. These include funding from the District, the Upper Kirby Foundation, and city and county capital improvement programs. The creation of a Tax Increment Reinvestment Zone was considered to be major tool for correcting the documented mobility, storm sewer and park deficiencies.

A comprehensive study shows that the area contained in the Upper Kirby Zone is at risk. The Upper Kirby Zone is losing its market share of the region's property and sales tax base. Since its creation two years ago, the Harris County improvement district No. Three (the "District") has been forced to raise its tax rate from \$0.10/\$100 valuation to \$0.105 due to a declining property tax base. As a whole, the City of Houston is the beneficiary from a booming economy. The City has seen significant city wide property tax gains. As reported by the Texas State Comptroller, the City of Houston's sales tax allocation has increased dramatically over the past ten years. The city's sales tax allocation has risen an astounding 82% from approximately \$162 million in 1988 to a 1998 allocation of \$296 million. However, some value areas are not fairing as well. In contrast, the City's share of the sales tax revenue from the Upper Kirby Zone has only risen by 33% over the same time period. In 1998, the Zone commercial activity contributed 8.0% of the City's sales tax revenue. Today, it only contributes 5%.

B. EXISTING USES AND CONDITIONS

The Upper Kirby Zone meets the criteria for designation as a Tax Increment Reinvestment Zone, under Chapter 311, Texas Tax Code because the Zone is:

1. An area that substantially arrests or impairs the sound growth of the City and is a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of:
 - a. The predominance of defective or inadequate sidewalk or street layout.

The Upper Kirby Zone lacks sufficient sidewalks and a safe pedestrian mobility system. Pedestrian traffic is hampered and access to the area is limited. As a result, pedestrians are in danger, in particular when attempting to cross streets. As demonstrated in this Plan, the flow of traffic is limited causing extreme traffic congestion.
 - b. Faulty lot layout and obsolete platting in relation to accessibility and usefulness of the area.

The area is characterized by an inadequate street layout system. Lot layout and platting over the years resulted in large blocks of land with a limited amount of circulation. This limits both vehicular and pedestrian traffic to and through the area, which limits the future economic viability of the area over the long term.

c. Inadequate or absent infrastructure.

Certain areas within the Zone are subject to extreme street flooding. This is due to an inadequate storm sewer system. This flooding impedes traffic flow and causes congestion.

d. Unsanitary or unsafe conditions, and conditions that endanger life or property by fire or other cause.

Unsafe conditions exist because of the extreme traffic congestion. Pedestrian and vehicular traffic are at risk because of an inadequate sidewalk-mobility system, overburdened intersections, lack of safe pedestrian crossings, continued storm sewer flooding, unsanitary and unsafe conditions at Levy Park. Also, continued and extreme traffic congestion impairs emergency vehicle access within the Zone, resulting in increased risk to life and property.

2. The property in the Upper Kirby Zone will not reach its highest and best uses because of the prevailing conditions. Thus, continued development in the zone will not occur solely through private investment in the reasonably foreseeable future. The infrastructure improvements in this Plan will significantly enhance the value of all taxable real property in the Zone and will be of general benefit to the City.

In summary, the area is subject to the following problems:

- extreme traffic congestion
- deficient traffic infrastructure
- deficient storm sewer infrastructure
- inadequate or absent sidewalk infrastructure
- limited secondary street network that does not provide assistance in alleviating traffic problems
- lack of pedestrian and vehicular health safety and welfare
- substandard and underutilized park that is a haven for homeless

All of these issues hamper this community's ability to compete in the marketplace.

Creation of this Zone will cause the reinvestment of real property tax dollars that is important to provide the necessary support so that value areas can be sustained in a proactive and not reactive manner. This support in conjunction with the projects being accomplished by the District can provide an opportunity to enhance the value of the commercial community.

Land Uses

The Upper Kirby Zone includes predominantly commercial property in the area generally bounded by Westheimer on the north, Bissonnet on the south, Buffalo Speedway on the west, and South Shepherd on the east. There are two roadway extensions from the general boundary that include the Kirby right-of-way north from Westheimer to San Felipe and the Richmond Avenue right-of-way extension proceeding west from Buffalo Speedway to the Southern Pacific railway line.

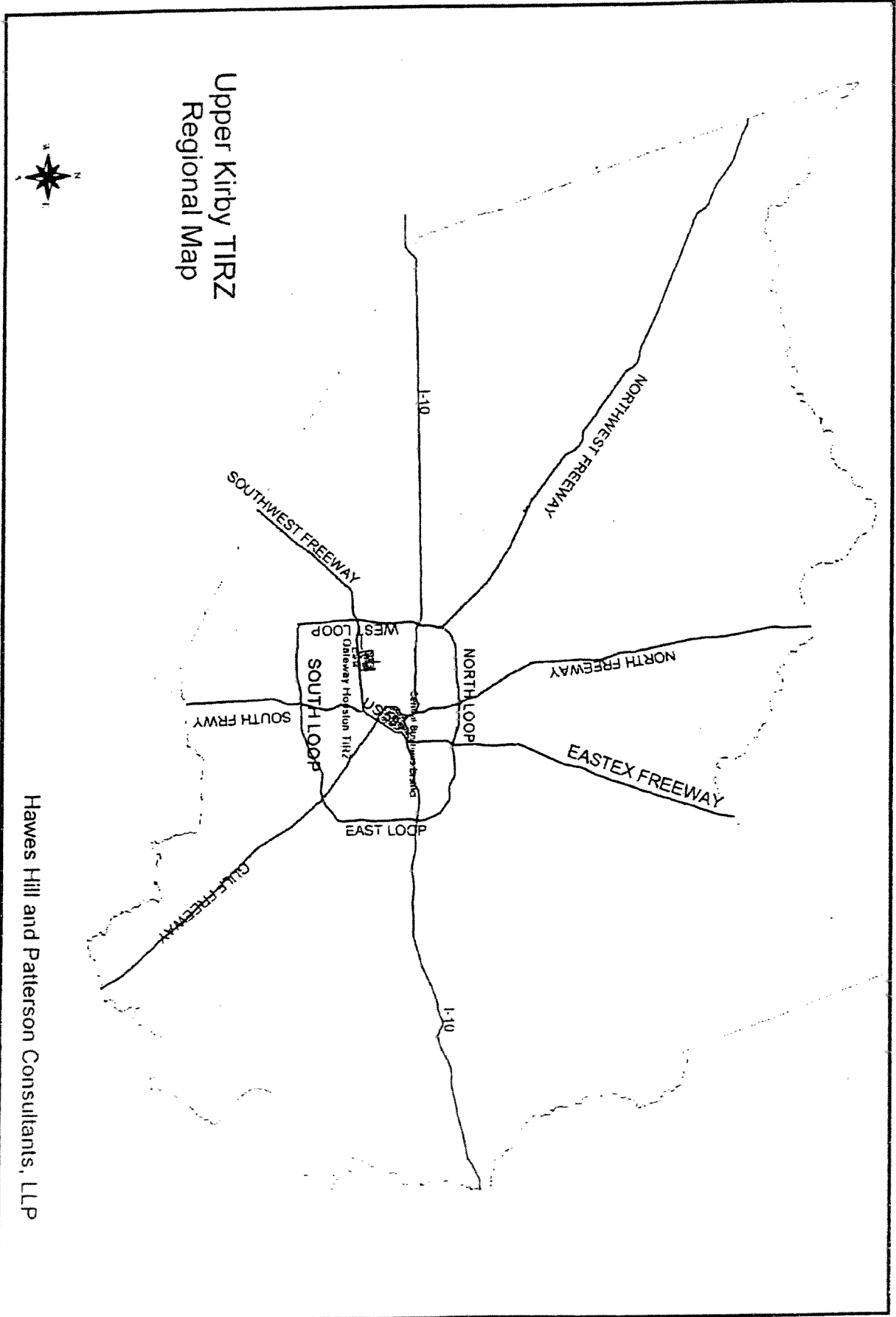
Current land uses within the Upper Kirby Zone are as follows:

Land Use	Area (in acres)	% of Total Area
Single-Family Detached	37.1589	7.22%
Multi-Family	52.6253	10.21%
Commercial, Industrial, Utilities	294.0786	57.11%
Public - Parks, Schools, Churches	42.7218	8.30%
Vacant Land	88.3404	17.16%
Total	514.9250	100.00%

As indicated in the above chart, the Zone includes approximately 515 acres of predominantly commercial property that represents 60% of the taxable real value.

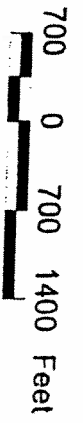
The Upper Kirby Zone's location in relation to the Houston Region and the current land uses are shown on the following maps.

Upper Kirby TIRZ Regional Map



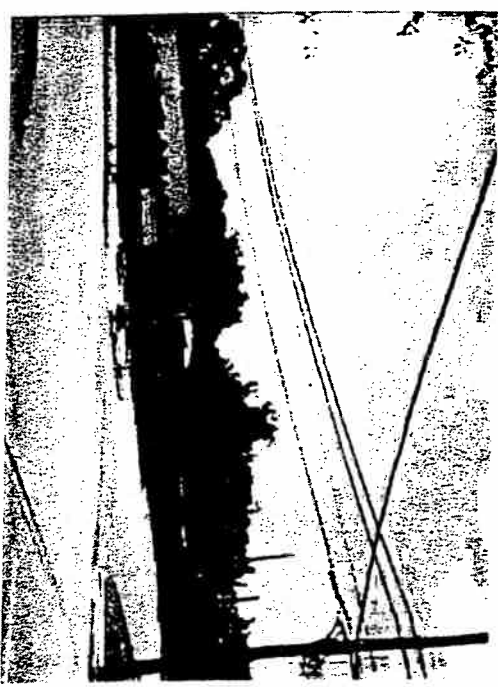
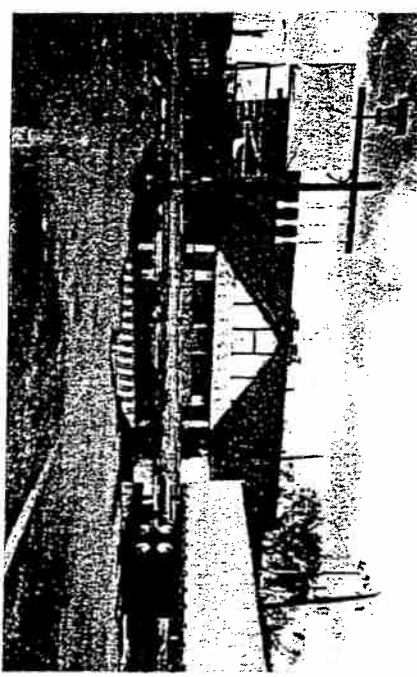
Hawes Hill and Patterson Consultants, LLP

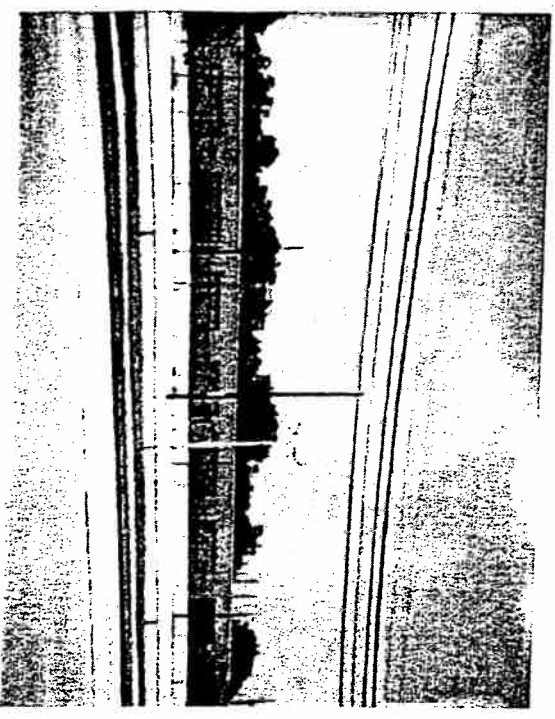
Upper Kirby TIRZ Land Use Map



Hawes Hill & Patterson Consultants LLP.

As indicated in the following pictures, land uses within the Zone are unstable and in transition. Blighted properties exist on Richmond and West Alabama. There are numerous abandoned and vacant structures located on major thoroughfares in the Zone. There is approximately 88 acres of vacant property in the Zone. In many cases the properties are not kept in a condition that meets city code, thus having a negative influence on the area in general. There is a general perception of decline, when large commercial structures sit vacant over time.





Inadequate Mobility Infrastructure

The growth in commercial property has shed light on the inadequate mobility infrastructure that exists within the Zone. Growth in commercial property and tax base is hindered by the impact of inadequate vehicular and pedestrian mobility systems.

Existing major thoroughfares are unable to handle the current traffic patterns. In their present condition, Wakeforest, Lake, Eastside, as well as other small interior streets within the Zone are incapable of assisting with traffic circulation. These streets are mostly asphalt in construction, narrow without curbs, lack an adequate drainage system, and have no sidewalks.

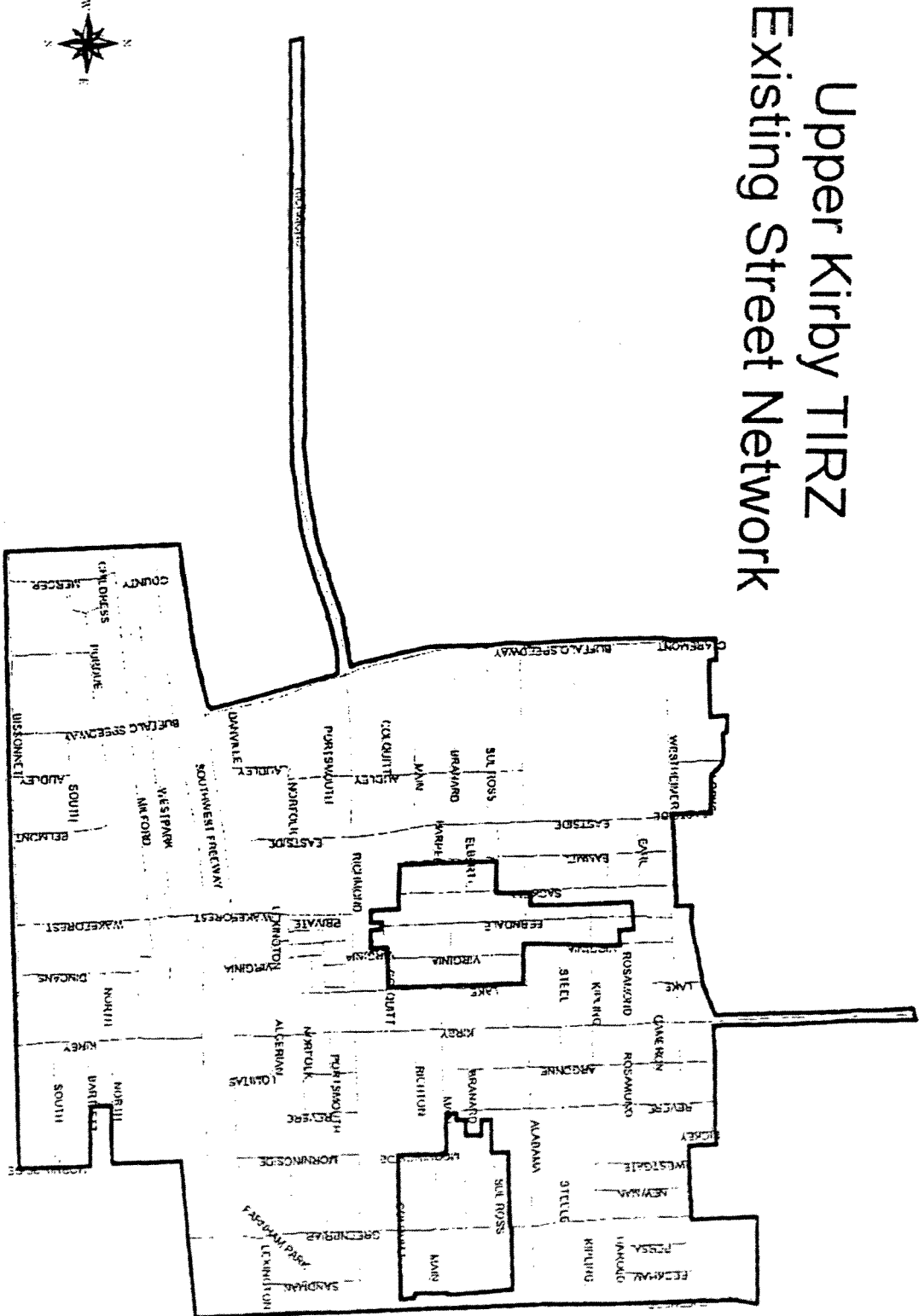
Inadequate Street System

Originally, the Zone's internal street system was developed to serve residential and neighborhood commercial retail development. As increased development occurred, traffic congestion worsened. Studies completed as part of the master planning process show poor and unacceptable levels-of-service on many of the streets within the Zone. An existing Street Network Map shows the current street pattern within the Zone. This map shows the:

1. absence of a secondary street network to handle through traffic and internal circulation that fails to provide alternatives to congested major thoroughfares,
2. presence of a large block street system lacking the street grid to handle current and future traffic demands, and
3. because of the current street mobility system, major intersections must accommodate excessive turning movements that result in delays.

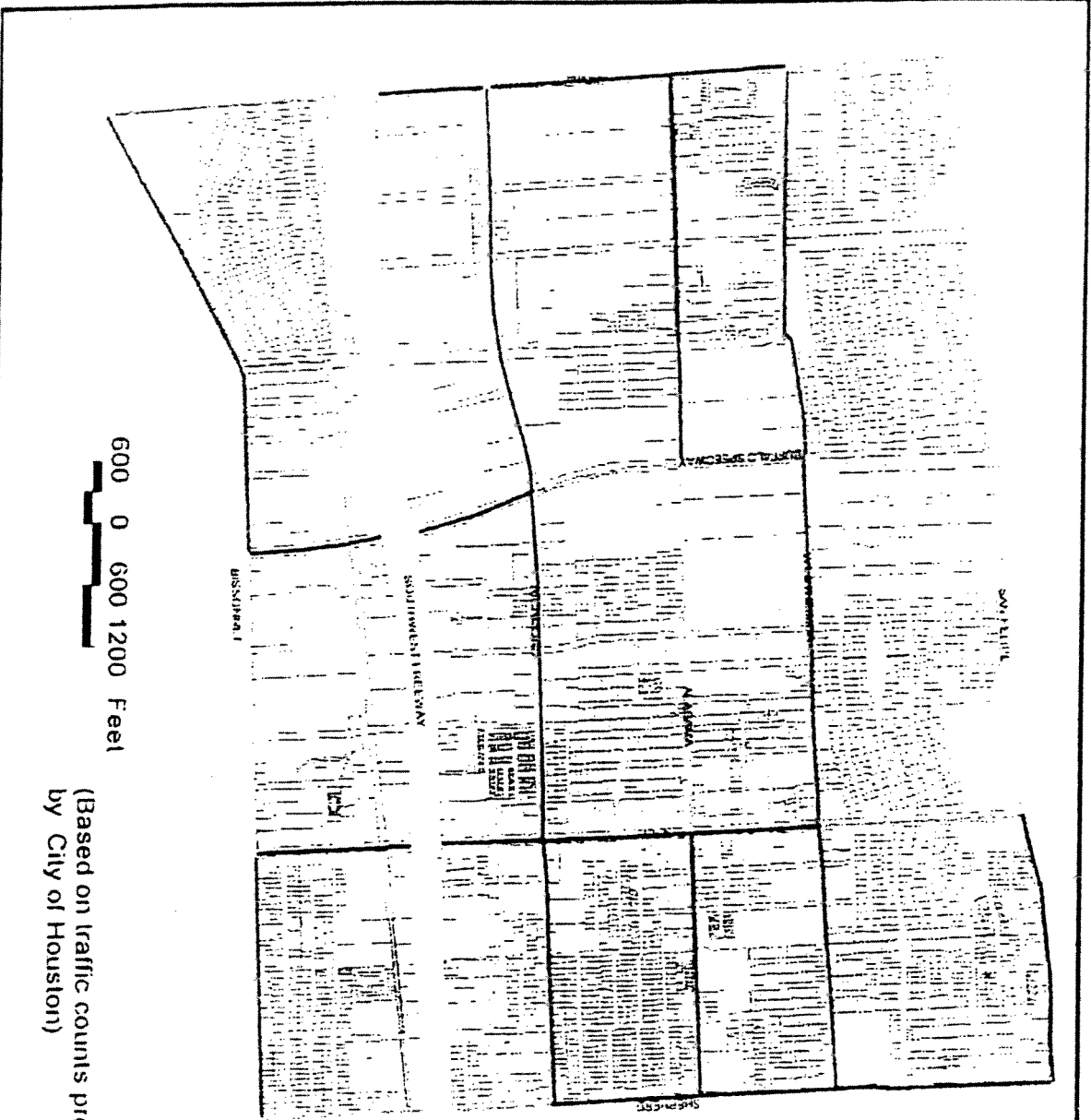
A Traffic Flow Map that follows shows the current Level of Service data provided by the City of Houston. The data supporting this map are detailed in Exhibit A (pages 10 & 11). In addition, recent apartment development of approximately 1,939 units will result in approximately 12,500 additional trips per day on streets in the community. Without traffic congestion measures, this will result in the levels-of-service worsening from their current observed levels in the near future.

Upper Kirby TIRZ Existing Street Network



Hawes Hill & Patterson Consultants, LLP

Upper Kirby TIRZ
 Level of Service
 Traffic Flow Map

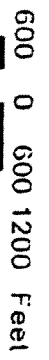


Traffic

- Stable Flow - LOS B
- - - Impeded - LOS C
- · · Congested - LOS D, E, F

LOS = Level of Service

(Based on traffic counts provided
 by City of Houston)



Heaton Hill & Padgett Consultants, LLP

Inadequate Pedestrian System

Sidewalks in the Zone are narrow and built to residential standards. In many cases they do not exist. Because there is not an adequate pedestrian system in place, internal circulation in the Zone is made by car.

Inadequate pedestrian mobility is characterized by the following:

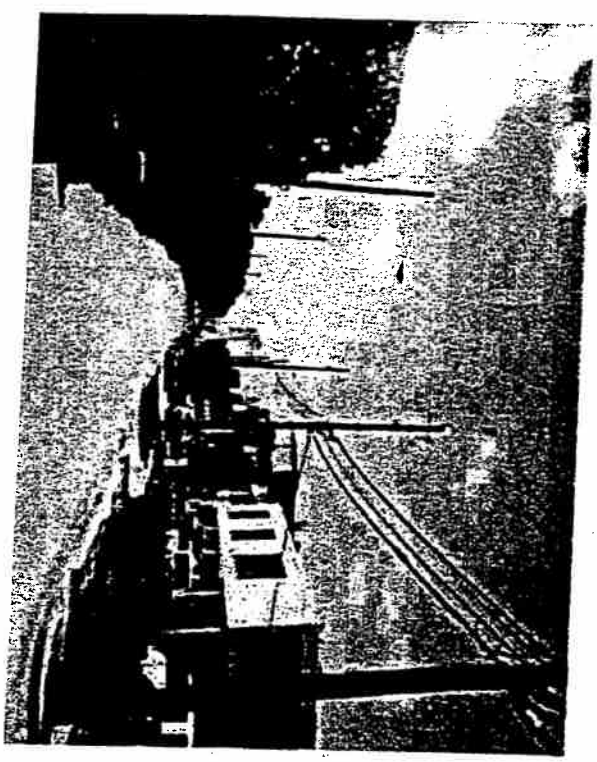
1. Sidewalks are not located on all streets.
2. Existing sidewalks are narrow and built to residential standards.
3. Pedestrian crossings of major thoroughfares are dangerous due to signalization to accommodate vehicular traffic in turning lanes.
4. Pedestrians attempt to cross at mid-block because of long block lengths.
5. Pedestrian traffic is inhibited on sidewalks because of the many curb cuts to serve retail and office buildings.

Inadequate Storm Sewer

An inadequate storm drainage system on Richmond, Kirby and other small interior streets result in severe street flooding. As a consequence:

1. infrastructure continues to degrade causing concrete separation and water line breaks,
2. traffic congestion is increased causing delays, and
3. Unsanitary and unsafe conditions exist.

The following pictures show narrow secondary streets that do not support traffic flow and are absent of sidewalks and adequate storm drainage.

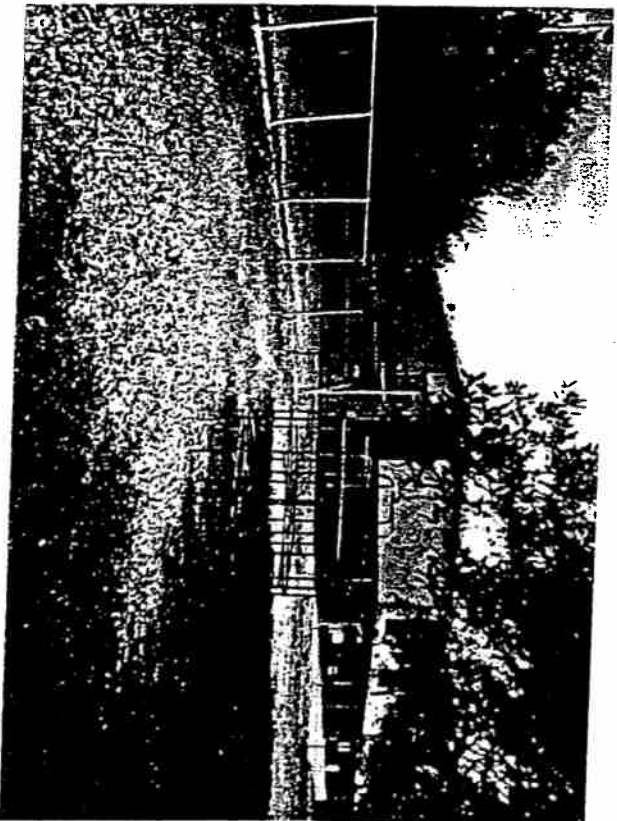
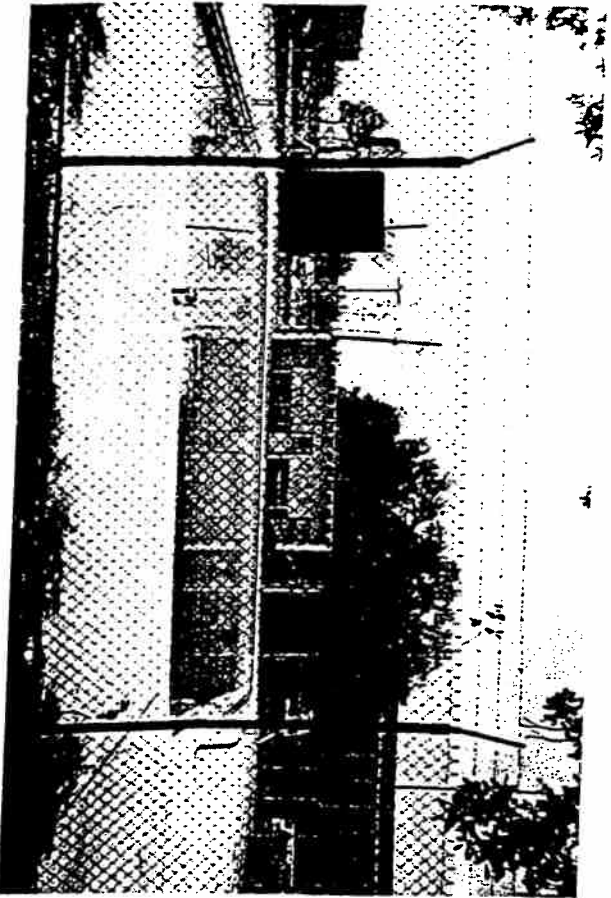


Inadequate Park Infrastructure

Levy Park

The existing site includes a regulation Little League field with dugouts, bleachers, lights, a few pieces of old style playground equipment, parking for 65 cars, open and unstructured play areas, and a pool built in the 1950s that is in poor condition. The bleachers are in disrepair and the fencing for the field and dugouts contains holes. The City Parks and Recreation Department reviewed the condition of the existing pool in April 1998. They noted that the pool is not level, contains leaks, requires complete replacement of the cast iron piping and requires plaster and decking repair. The pump house and restrooms are in need of repair. The following shows the existing condition of Levy Park. As can be seen, it is severe disrepair and is in need of resources to upgrade the facility so that it may be fully used by the community.

Over the past several years, the park has served as a haven for homeless individuals who sleep on park benches and loitering on park grounds during the evening hours, thus limiting use by the general public.

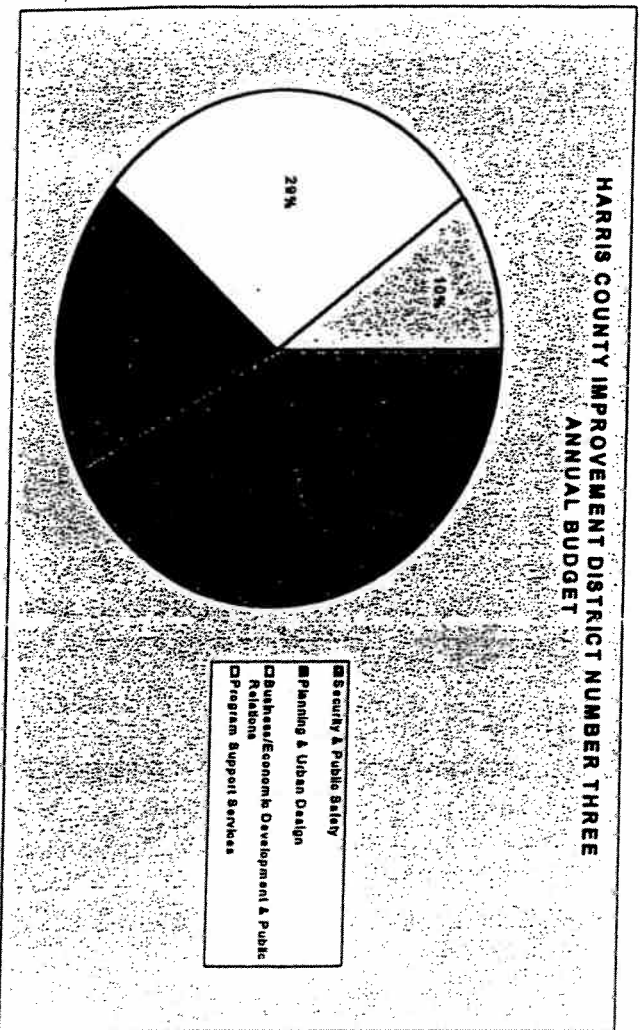


II. CHANGES OF ZONING ORDINANCES, THE MASTER PLAN OF THE MUNICIPALITY, BUILDING CODES, AND OTHER MUNICIPAL ORDINANCES

All construction will be done in conformance with existing rules and regulations of the City of Houston. There are no changes to any city ordinance, master plan, or building codes.

III. LIST OF ESTIMATED NON-PROJECT COSTS

The non-project cost items listed below reflects costs that the HCID #3 will make towards the total development plan. HCID #3 sponsored costs reflect the investment and commitment that has been made and that will continue to be made by the property owners for improvements and services that would not be borne by the Zone, over the fifteen (15) year life of the Zone. The total anticipated costs that will be made by the HCID #3 over the life of the Zone are \$6.7 million.



SECURITY AND PUBLIC SAFETY (\$2,863,365)

Mission: To support investment in the District by creating a safe community with law enforcement programs.

Objectives:

- Maintain a supportive relationship with public law enforcement agencies
 - Develop public safety programs
 - Coordinate security efforts of public/private sectors
 - Expand coverage of Harris County Precinct One Constable Patrol
 - Monitor enforcement of building codes and nuisance abatement status
- PLANNING and URBAN DESIGN (\$1,270,365)**

Mission: To develop resource oriented programs that support the creation of a well planned community and meets the needs through the development of park space, mobility, infrastructure, and open space.

Objectives:

- Work with Public Agencies (City of Houston, Harris County & METRO) to insure that the district is a participant in planning efforts
- Develop a District identity, visual appeal and improved streetscapes through improvements in landscaping, street furniture, street lighting and visual elements
- Provide technical assistance to property owners on development projects that will have a positive impact on the property values in the district and assist in a strong community base of office and retail
- Assist in the development of facilities for transit, vehicular, pedestrian and bicycle use that are attractive, comprehensive and safe

ECONOMIC DEVELOPMENT, PUBLIC RELATIONS & COMMUNITY SERVICES (\$1,937,865)

Mission: Develop, support, and promote economic growth by developing and implementing communication strategies that support the economic growth in the district.

Objectives:

- Develop a comprehensive marketing plan to promote economic growth of the area
- Expand market to include Greenway Plaza
- Expand circulation of The Progressive from 20,000 to 40,000
- Provide neighborhood services to the residents, workforce, and property owners of the area through the Upper Kirby District Community Center
- Renovate and upgrade Levy Park

DISTRICT ADMINISTRATION (\$679,305)

Mission: Provide effective management and efficient support services to District programs for the least possible cost to commercial property owners.

Objectives:

- Respond to the daily needs of the District's constituents in an efficient manner to initiate programs outlined in the District's Master Plan
- Utilize human and financial resources in an efficient manner to implement the District's Master Plan
- Administer the District's projects in an efficient manner
- Develop and prepare a 10-year service and assessment plan

IV. STATEMENT OF METHOD OF RELOCATING PERSONS TO BE DISPLACED AS A RESULT OF IMPLEMENTING THE PLAN

This Zone Project Plan calls for the development of vacant property and the redevelopment of existing properties. Displacement of property owners or residents from the Zone area is not anticipated.

REINVESTMENT ZONE FINANCING PLAN

I. A DETAILED LIST DESCRIBING THE ESTIMATED PROJECT COSTS OF THE ZONE, INCLUDING ADMINISTRATIVE EXPENSES

Table A lists the estimated project costs for the Zone. It is anticipated that the district and Developers will advance funds for the public infrastructure improvements and will be reimbursed as provided in separate agreements and other documentation between the District, Developers, the Redevelopment Authority (references made herein to the Authority are made in anticipation of its creation) and the Upper Kirby Zone. It is anticipated that the infrastructure improvement costs will include financing costs associated with the projects. Line item amounts may be adjusted with approval of the Zone Board of Directors, as long as total infrastructure project costs do not exceed the Financing Plan Budget.

It is anticipated that the Houston Independent School District (HISD) will expend approximately \$5.7 million for education related project costs. As provided for in Chapter 311, Texas Tax Code and its participation agreement between the City, Upper Kirby Zone and HISD, the District may expend one-third of its total tax participation for educational purposes.

**Table A
Upper Kirby Zone Project Costs**

Non-Education Project Costs		Estimated Costs
I. Utility System Improvements		
Storm drainage improvement		\$ 1,500,000
Subtotal		\$ 1,500,000
II. Safety & Security Infrastructure Improvements		
Highway 59 overpass security improvements		\$ 200,000
Sidewalk improvements		1,400,000
Subtotal		\$ 1,600,000
III. Traffic Mobility Improvements		
Traffic control infrastructure (turning lanes, signalization, signage)		\$ 100,000
Esplanades on Kirby Drive		500,000
Street paving projects		5,400,000
Subtotal		\$ 6,000,000
IV. Public Recreation/Public Service Improvements		
Levy Park Improvements		\$ 750,000
Westpark Rail/Trail System		150,000
Subtotal		\$ 900,000
V. Other Costs		
Operations for duration of Zone (15 Years)		\$ 450,000
Zone Creation		150,000
Subtotal		\$ 600,000
Total Non-Education Project Costs		\$ 10,600,000
Education Project Costs		
Costs associated with the construction/reconstruction of educational facilities		
Total Education Project Costs		\$ 5,572,812
TOTAL		\$ 16,172,812

II. STATEMENT LISTING THE KIND, NUMBER, AND LOCATION OF ALL PUBLIC WORKS OR PUBLIC IMPROVEMENTS IN THE ZONE

Non-Education Project Costs

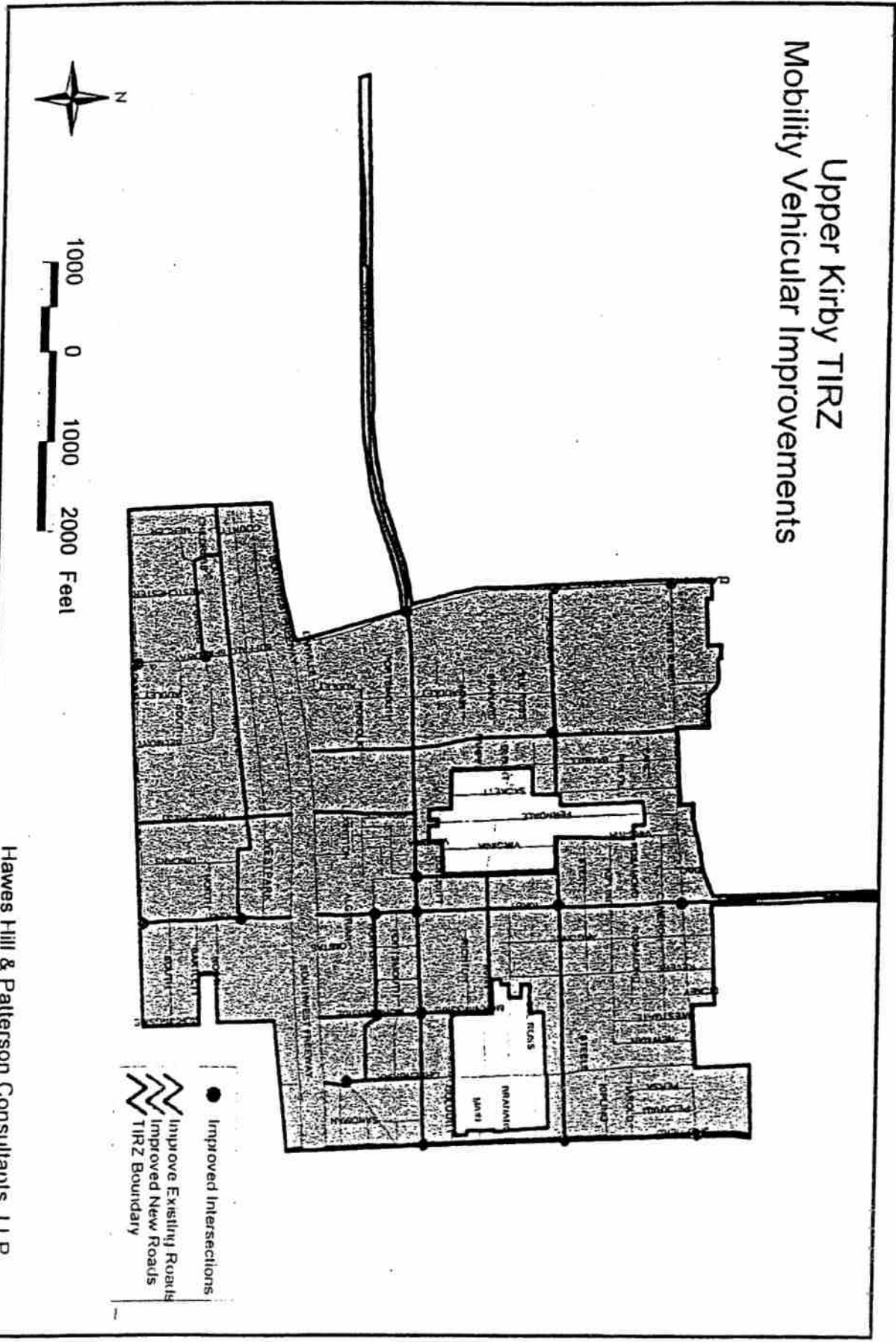
1. Decrease occurrence of flooding in the area
 - Improve existing storm drainage system to decrease occurrence of street and private property flooding, to include determination of the storm drainage line capacity, storm drain inlet capacity, and storm drain lead lines capacity on all streets within the Zone
2. Improve safety and security
 - Construct Highway 59 pedestrian improvements at underpasses, such as lighting, protected sidewalks and other safety features
 - Improve sidewalks throughout the community
3. Improve traffic flow
 - Construct traffic improvements (including turn lanes and bus turnouts) on major thoroughfares where the levels-of-service necessitate
 - Reconstruct and widen secondary streets to provide for improved traffic circulation.
 - Reconstruct streets to provide better traffic circulation in the area.
 - Construct esplanades on Kirby Drive to coordinate traffic movement and provide pedestrian safety
4. Improve and provide additional public recreation and service facilities
 - Renovate City of Houston Levy Park with new facilities
 - Establish railroad property adjacent to Westpark Drive as hike/bike trail

Education Project Costs

1. Provide for the construction/reconstruction of educational facilities.

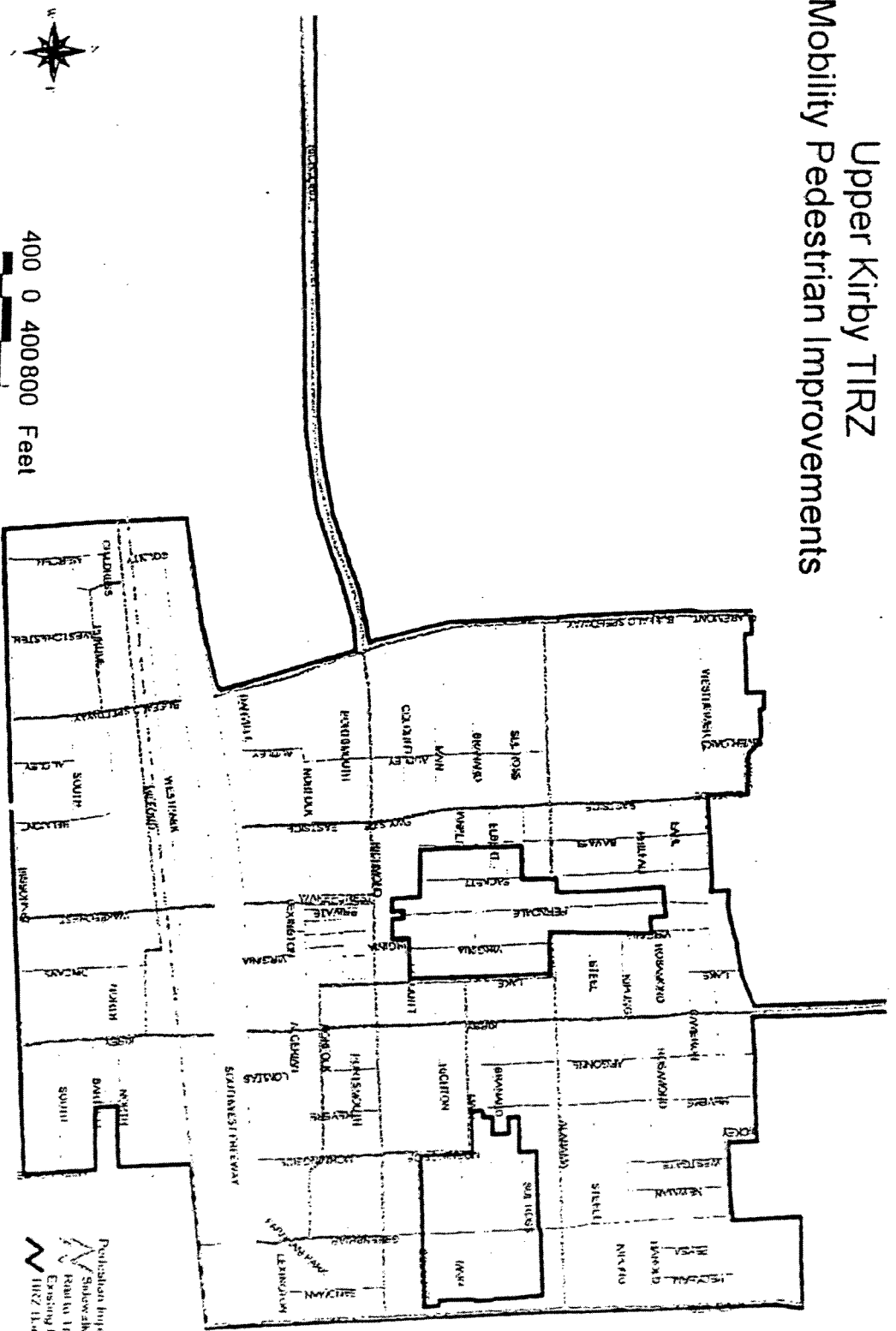
The following maps show the location of the public works for the Zone.

Upper Kirby TIRZ Mobility Vehicular Improvements



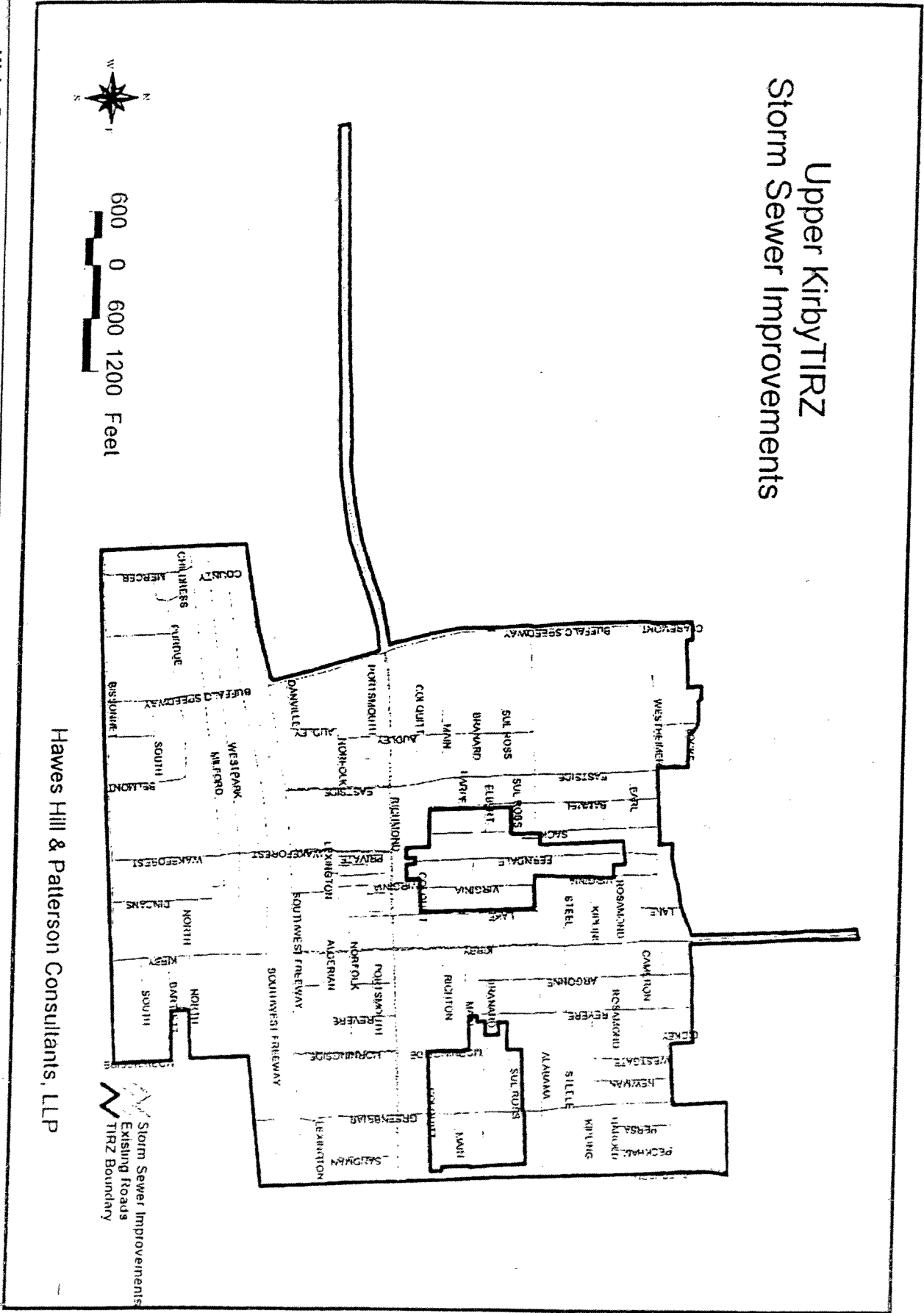
Hawes Hill & Patterson Consultants, LLP

Upper Kirby TIRZ Mobility Pedestrian Improvements

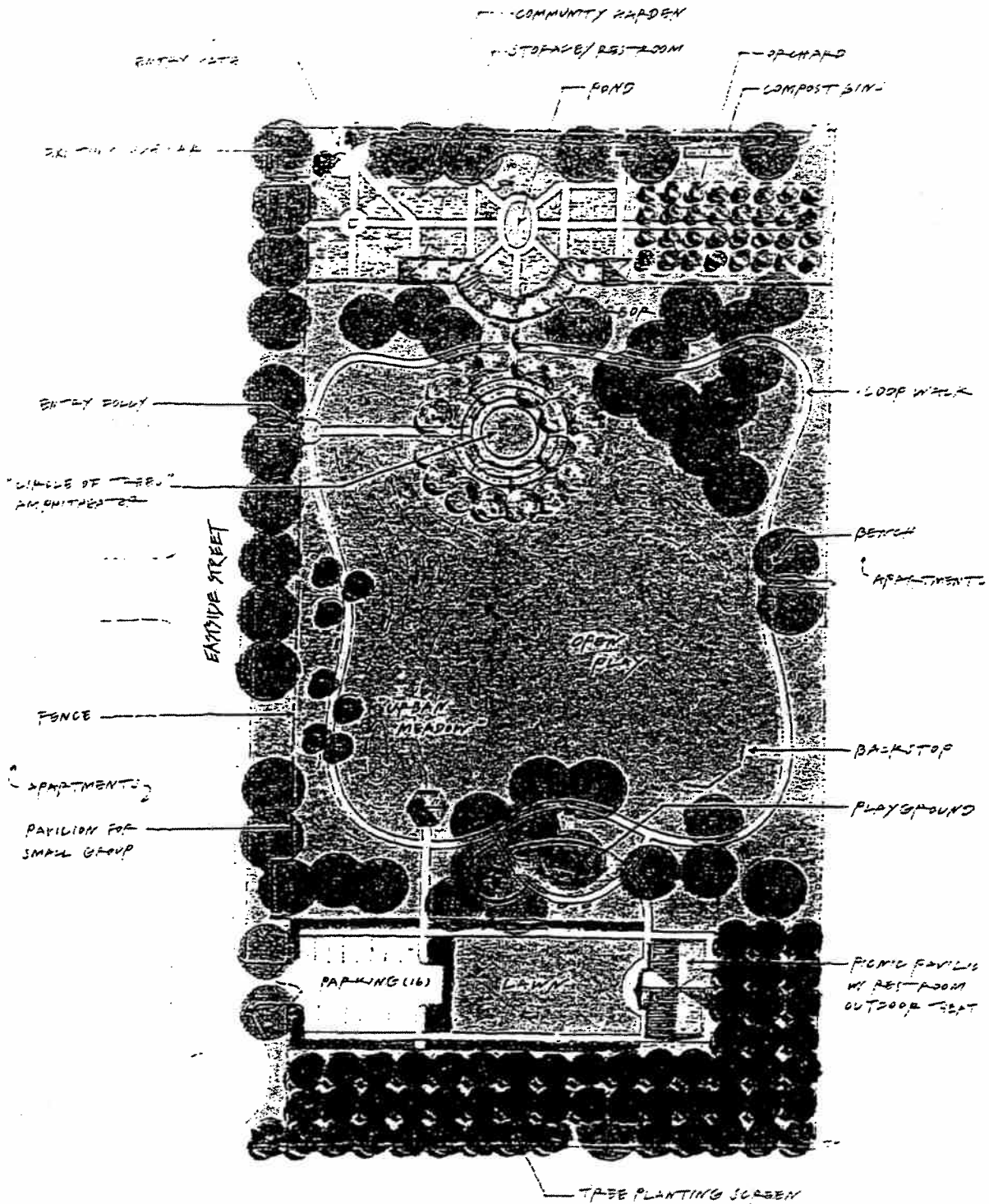


Hawes Hill & Patterson Consultants, LLP

Upper Kirby TIRZ Storm Sewer Improvements

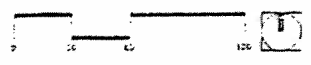


Hawes Hill & Patterson Consultants, LLP



LEVY PARK MASTER PLAN

- City of Houston Parks & Recreation Dept.
- The Houston Parks Board
- Upper Kirby District Association



Clark Condon Associates
 Landscape Architects
 September 22, 1998

III. ECONOMIC FEASIBILITY STUDY

In 1998, the District commissioned the urban planning firm of Hawes Hill & Patterson Consultants to complete a Master Plan for the entire District. The Master Plan and Opportunities Study (attached) describes the existing conditions of the district and formulates an action plan to implement the visions for this community. In addition, funding mechanisms are identified.

As part of the master planning process, a series of developer roundtable discussions were held with property owners, developers, property managers and others. Public officials, including State Representative Debra Danburg, City Councilwoman Martha Wong and representatives from the City Planning Department Neighborhood Services Division also attended the meetings. Public discussion centered around improvements needed to public works/infrastructure, traffic, beautification/aesthetics, quality of life, development incentives that would maximize the improvement of the area, and accomplish the vision for the future of the community. The District Master Plan and Opportunities Study is attached as Appendix A.

IV. THE ESTIMATED AMOUNT OF BONDED INDEBTEDNESS TO BE INCURRED

The estimated amount of bonded indebtedness to be incurred by the Zone or Authority, including both principle and interest is detailed in Table C.

V. THE TIME WHEN RELATED COSTS OR MONETARY OBLIGATIONS ARE TO BE INCURRED

The time when related costs or monetary obligations are to be incurred is a function of the availability of Zone revenues. Schedule C shows the time when Zone funds are expected to be available to pay project costs.

VI. DESCRIPTION OF THE METHODS OF FINANCING ALL ESTIMATED PROJECT COSTS AND THE EXPECTED SOURCES OF REVENUE TO FINANCE OR PAY PROJECT COSTS, INCLUDING THE PERCENTAGE OF TAX INCREMENT TO BE DERIVED FROM THE PROPERTY TAXES OF EACH TAXING UNIT THAT LEVIES TAXES ON REAL PROPERTY IN THE ZONE

Description of the methods of financing:

In accordance with 311.015 of the Tax Increment Financing Act, the City may issue tax increment bonds or notes, the proceeds of which may be used to pay project costs on behalf of the Zone. Upon creation of the Upper Kirby Redevelopment Authority, the Authority may be authorized to incur debt and issue debt or obligations to satisfy developer reimbursements for eligible project costs. If such bonds are issued, bond proceeds shall be used to provide for the project related costs outlined in this plan. When appropriate, Developers will advance project-related costs and be reimbursed from increment revenues of the Zone or through the issuance of tax increment bonds.

Sources of Tax Increment Revenue:

The purpose of the Zone is to provide the necessary public improvements to support and sustain new and existing development. Table B below is the build-out projection and the annual captured appraised value of these new improvements or increases in value of pre-existing redeveloped property during the build-out period.

Table B
Schedule of Estimated Captured Appraised Value

Project Description	1998	1999	2000	2001	2002	Total Captured Value
	Captured Value (K)	Captured Value (K)	Captured Value (K)	Captured Value (K)	Captured Value (K)	
Apartment Development						
Camden			\$45,380			
Finger/Bufalo Speedway			\$24,000			
Finger/Westpark			\$25,100			
Kirby Retail Development						
Whole Foods				\$4,000		
Schlotsky's				\$250		
Kirby/Alabama					\$8,500	
Tuscany Center					\$1,700	
Highway 59 Development						
Extended Stay Hotel			\$2,000			
Storage Structures			\$275			
Hotel Renovation			\$250			
Restaraunt			\$500			
Buffalo Speedway Commercial Retail				\$1,500		
SUEBA/Kroger			\$3,000			
Davis Holdings			\$4,500			
Trammel Crow/Drug Store			\$500			
Total Captured Value		\$0	\$105,485	\$5,750	\$10,200	\$121,435

- Note:
1. Captured value is presented in thousands of dollars.
 2. Projected value of construction is in 1998 dollars excluding inflation per the developer's projections.
 3. Construction in a calendar year results in captured appraised value in the following tax year.

Upper Kirby Project Plan and Reinvestment Zone Financing Plan
 July 26, 1999

Table C below shows the projected assessed valuations during the development/build-out period and depicts the Zone revenue schedule with City, Harris County, and Houston Independent School District (HISD).

Table C
Tax Increment Revenue Schedule

Tax Year	Projected Increased Taxable Valuation	Dedicated City Tax Rate	Dedicated County Tax Rate	Dedicated HISD Tax Rate	Non-Education City TIRZ Collections at 97%	Non-Education County TIRZ Collections at 97%	Non-Education ISD TIRZ Collections at 97%	Education ISD TIRZ Collections at 97%	Total Annual TIRZ Collections at 97%
1999	Base								
2000	\$ 105,485,000	\$ 0.665	\$ 0.4166	\$ 0.960	\$ 680,431	\$ 426,267	\$ 654,851	\$ 327,425	\$ 2,088,974
2001	\$ 111,235,000	\$ 0.665	\$ 0.4166	\$ 0.960	\$ 717,521	\$ 449,503	\$ 690,547	\$ 345,273	\$ 2,202,845
2002	\$ 121,435,000	\$ 0.665	\$ 0.4166	\$ 0.960	\$ 783,316	\$ 490,721	\$ 753,868	\$ 376,934	\$ 2,404,840
2003	\$ 121,435,000	\$ 0.665	\$ 0.4166	\$ 0.960	\$ 783,316	\$ 490,721	\$ 753,868	\$ 376,934	\$ 2,404,840
2004	\$ 121,435,000	\$ 0.665	\$ 0.4166	\$ 0.960	\$ 783,316	\$ 490,721	\$ 753,868	\$ 376,934	\$ 2,404,840
2005	\$ 121,435,000	\$ 0.665	\$ 0.4166	\$ 0.960	\$ 783,316	\$ 490,721	\$ 753,868	\$ 376,934	\$ 2,404,840
2006	\$ 121,435,000	\$ 0.665	\$ 0.4166	\$ 0.960	\$ 783,316	\$ 490,721	\$ 753,868	\$ 376,934	\$ 2,404,840
2007	\$ 121,435,000	\$ 0.665	\$ 0.4166	\$ 0.960	\$ 783,316	\$ 490,721	\$ 753,868	\$ 376,934	\$ 2,404,840
2008	\$ 121,435,000	\$ 0.665	\$ 0.4166	\$ 0.960	\$ 783,316	\$ 490,721	\$ 753,868	\$ 376,934	\$ 2,404,840
2009	\$ 121,435,000	\$ 0.665	\$ 0.4166	\$ 0.960	\$ 783,316	\$ 490,721	\$ 753,868	\$ 376,934	\$ 2,404,840
2010	\$ 121,435,000	\$ 0.665	\$ 0.4166	\$ 0.960	\$ 783,316	\$ 490,721	\$ 753,868	\$ 376,934	\$ 2,404,840
2011	\$ 121,435,000	\$ 0.665	\$ 0.4166	\$ 0.960	\$ 783,316	\$ 490,721	\$ 753,868	\$ 376,934	\$ 2,404,840
2012	\$ 121,435,000	\$ 0.665	\$ 0.4166	\$ 0.960	\$ 783,316	\$ 490,721	\$ 753,868	\$ 376,934	\$ 2,404,840
2013	\$ 121,435,000	\$ 0.665	\$ 0.4166	\$ 0.960	\$ 783,316	\$ 490,721	\$ 753,868	\$ 376,934	\$ 2,404,840
2014	\$ 121,435,000	\$ 0.665	\$ 0.4166	\$ 0.960	\$ 783,316	\$ 490,721	\$ 753,868	\$ 376,934	\$ 2,404,840
					\$ 11,581,066	\$ 7,255,146	\$ 11,145,688	\$ 5,572,844	\$ 35,554,745

Table D
Percentage of Increment Dedicated to the Zone

TAXING UNIT	DEDICATED TAX RATE	% OF TOTAL PARTICIPATION
City of Houston	\$0.6650/\$100 valuation	33%
Harris County	\$0.4166/\$100 valuation	20%
Houston I.S.D.	\$0.9600/\$100 valuation	47%
TOTAL	\$2.0416/\$100 valuation	100%

VII. THE CURRENT TOTAL APPRAISED VALUE OF TAXABLE REAL PROPERTY IN THE ZONE

The current total appraised value in the Zone is approximately \$520 million.

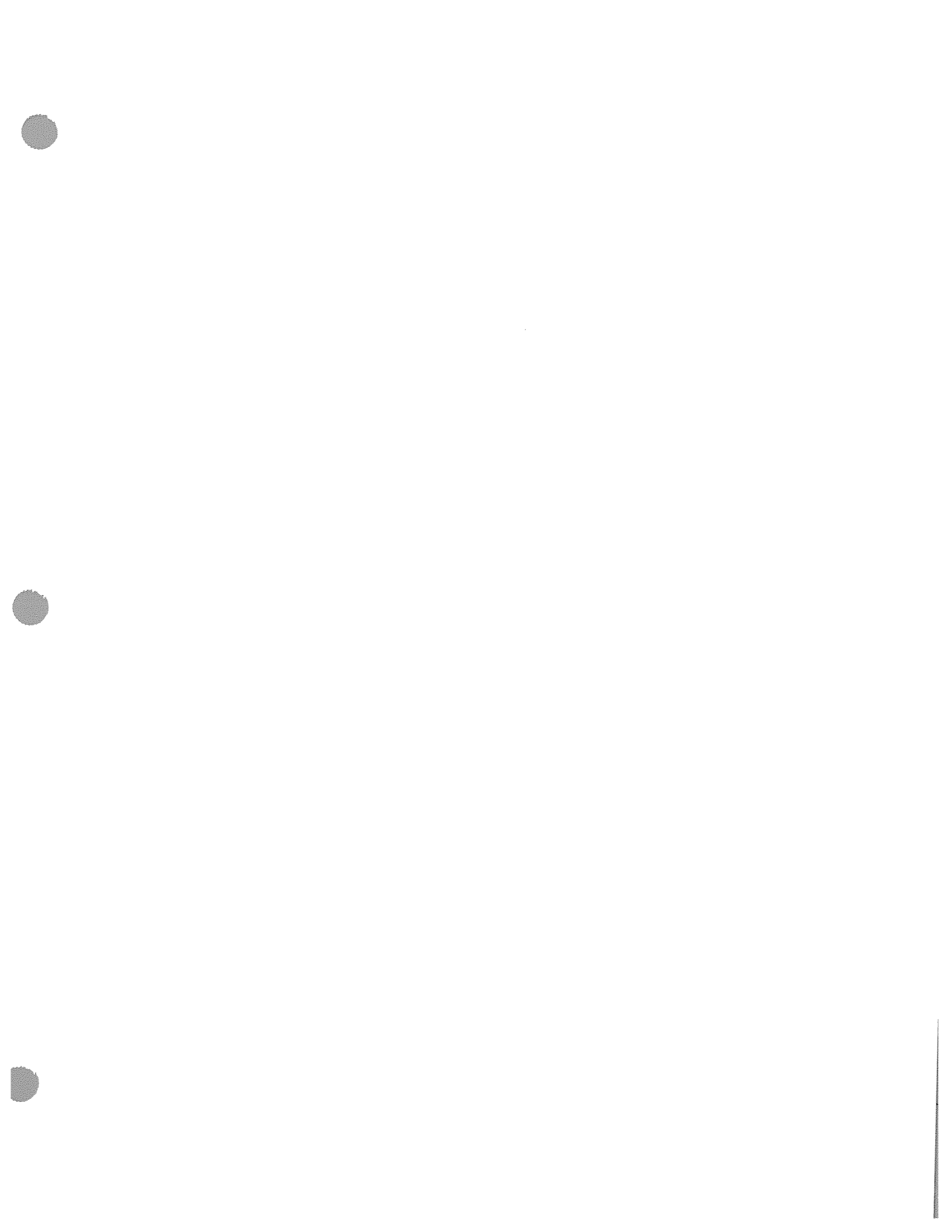
VIII. THE ESTIMATED CAPTURED APPRAISED VALUE OF THE ZONE DURING EACH YEAR OF ITS EXISTENCE

It is projected that taxable property values in the Zone will increase to approximately \$121.4 million by the year 2003. Table A above shows the annual captured appraised value of these new improvements or increases in value of pre-existing property during the build-out period.

IX. DURATION OF THE ZONE

The duration of the Zone is 15 years.

APPENDIX A



Harris County Improvement District Board of Directors

Lonnie Schiller - Chairman
Morris Penner
Thomas Dickey
Robert Schultz
Roy Wakefield

Harris County Improvement District Executive Staff

Jamie Brewster – Executive Director
Trish Parrack

Hawes Hill & Patterson Consultants - Urban Planners

David Hawes
Susan Hill
Parke Patterson, AICP